



# Hargreaves Lansdown PLC

Unaudited Interim Results

6 Months Ended 31 December 2007

# Forward-looking statements

These presentation slides contain forward-looking statements and forecasts with respect to the financial condition and the results of Hargreaves Lansdown PLC.

These statements are forecasts involving risk and uncertainty because they relate to events and depend upon circumstances that may occur in the future.

There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements and forecasts. Nothing in this presentation should be construed as a profit forecast.

Nothing in this presentation should be seen as a promotion or solicitation to buy HL Plc shares. It should be remembered that the value of shares can fall as well as rise and therefore you could get back less than you invested.



# Contents

- H1 2008 Results highlights
- Assets under Administration and Management
- Financial Results
- Divisional highlights
- Outlook
- Strategy
- Appendices

# H1 2008 highlights



	6m ended 31 Dec 2007	6m ended 31 Dec 2006	Increase	Year ended 30 June 2007
Revenue	£57.8m	£43.3m	33%	£98.8m
Proportion of recurring revenue	73%	66%	+7 pts	65%
Underlying operating profit	£27.2m	£17.2m	58%	£40.7m
Underlying earnings per share	4.2p	2.4p	75%	6.4p
Underlying operating margin	47%	40%	+7pts	41%
Total Assets Under Administration	£10.9bn	£7.5bn	45%	£10.2bn



# Assets under administration and management

# Growth in AUA



	31 Dec 2007 £'bn	30 June 2007 £'bn	Increase
<b>Assets under administration (AUA)</b>			
Vantage	9.8	9.1	
Other	0.2	0.2	
<b>AUA Total</b>	<b>10.0</b>	<b>9.3</b>	<b>7%</b>
<b>Assets under management (AUM)</b>			
Portfolio Management Service (PMS)	0.9	0.8	
Multi-manager funds excluding PMS	0.5	0.5	
<b>AUM Total</b>	<b>1.4</b>	<b>1.3</b>	<b>8%</b>
<b>Less: Multi-manager funds in Vantage</b>	<b>(0.5)</b>	<b>(0.5)</b>	
<b>Total assets under administration</b>	<b>10.9</b>	<b>10.2</b>	<b>7%</b>



# Analysis of Asset Growth

6M Ended 31 Dec 2007	PEP £'bn	ISA £'bn	SIPP £'bn	F&S £'bn	Consol. Adj	Vantage £'bn
Opening AUA	2.2	2.8	1.4	2.7		9.1
Net new business		0.1	0.4	0.3	0.1	0.9
Market movements				(0.1)	(0.1)	(0.2)
<b>Closing AUA</b>	<b>2.2</b>	<b>2.9</b>	<b>1.8</b>	<b>2.9</b>		<b>9.8</b>

6M Ended 31 Dec 2006	PEP £'bn	ISA £'bn	SIPP £'bn	F&S £'bn	Consol. Adj	Vantage £'bn
Opening AUA	1.7	2.0	0.5	1.2		5.4
Net new business	0.1	0.1	0.3	0.2		0.7
Market movements	0.2	0.2		0.1		0.5
<b>Closing AUA</b>	<b>2.0</b>	<b>2.3</b>	<b>0.8</b>	<b>1.5</b>		<b>6.6</b>

# Asset Categorisation



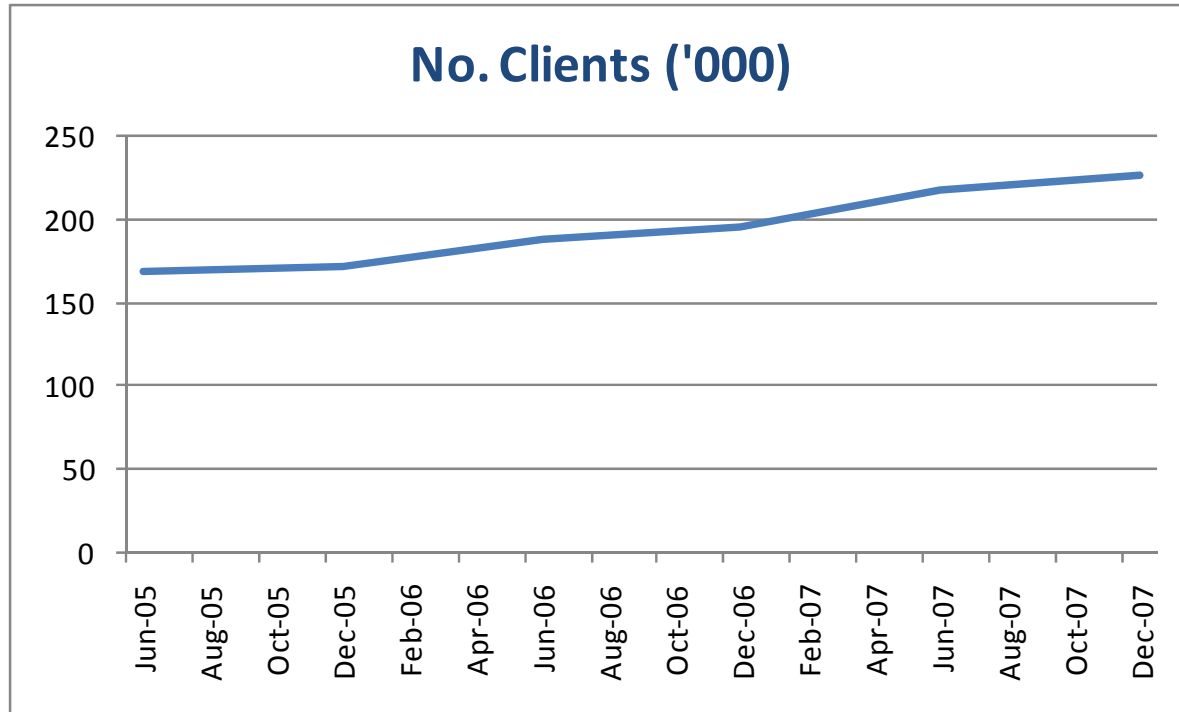
31 Dec 2007	PEP	ISA	SIPP	F&S	Vantage
Equities	17%	9%	17%	48%	24%
Funds	76%	84%	56%	46%	66%
Cash	7%	7%	27%	6%	10%
	100%	100%	100%	100%	100%

30 June 2007	PEP	ISA	SIPP	F&S	Vantage
Equities	19%	9%	15%	52%	25%
Funds	76%	86%	59%	43%	66%
Cash	5%	5%	26%	5%	9%
	100%	100%	100%	100%	100%



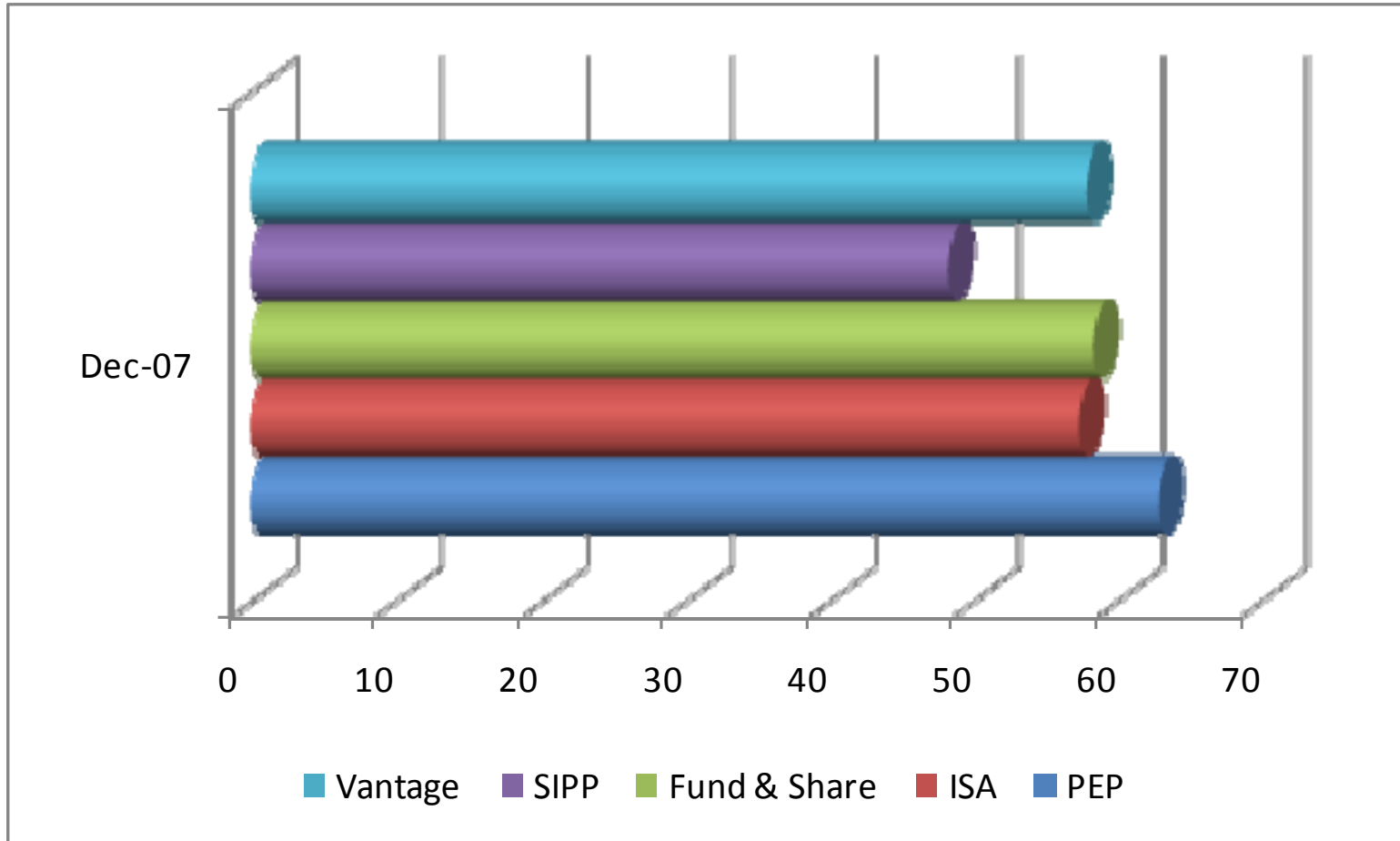


# Vantage Client Growth





# Age Profile of Vantage





# Discretionary - AUM

Portfolio Management Service	31 Dec 2007	30 June 2007	Increase
Portfolio Management Service	£875m	£784m	12%
Multi-manager excl. PMS	£501m	£484m	4%
<b>Total AUM</b>	<b>£1,376m</b>	<b>£1,268m</b>	
PMS assets in HL multi-manager	£574m	£516m	11%
% PMS in HL multi-manager	66%	66%	=
Number of PMS clients	7,437	6,443	15%
Average client value	£117.7	£121.8k	-3%



# Financial results



# Income statement

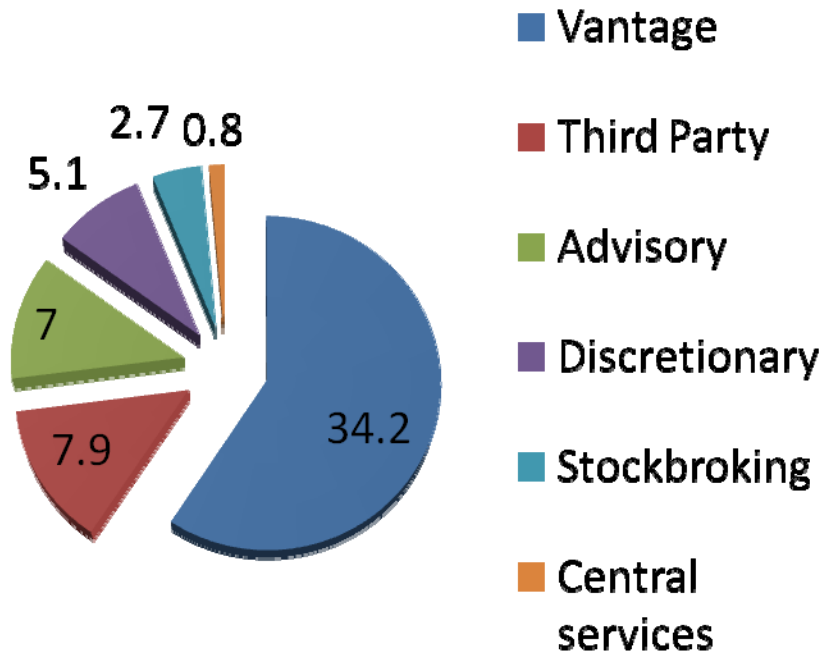
	6M Ended 31 Dec 2007	6M Ended 31 Dec 2006	Year Ended 30 June 2007 £'m
Revenue	57.8	43.3	98.8
Underlying administrative expenses	(30.6)	(26.2)	(58.1)
<b>Operating profit before exceptional administrative expenses</b>	<b>27.2</b>	<b>17.2</b>	<b>40.7</b>
Exceptional administrative expenses	-	(0.3)	(29.6)
Operating profit	27.2	16.8	11.0
Non operating income	1.5	3.7	13.3
Profit before taxation	28.7	20.5	24.4
Taxation	(8.5)	(6.4)	(7.4)
Profit after taxation	20.1	14.1	17.0

# Revenue by division



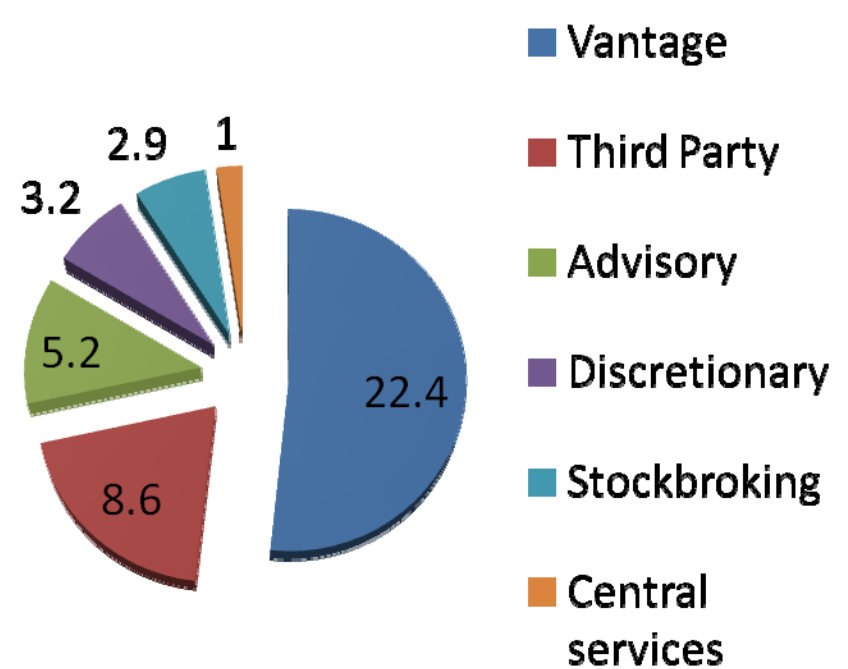
## 6 Months Ended 31 Dec 2007

Revenue £'million



## 6 Months Ended 31 Dec 2006

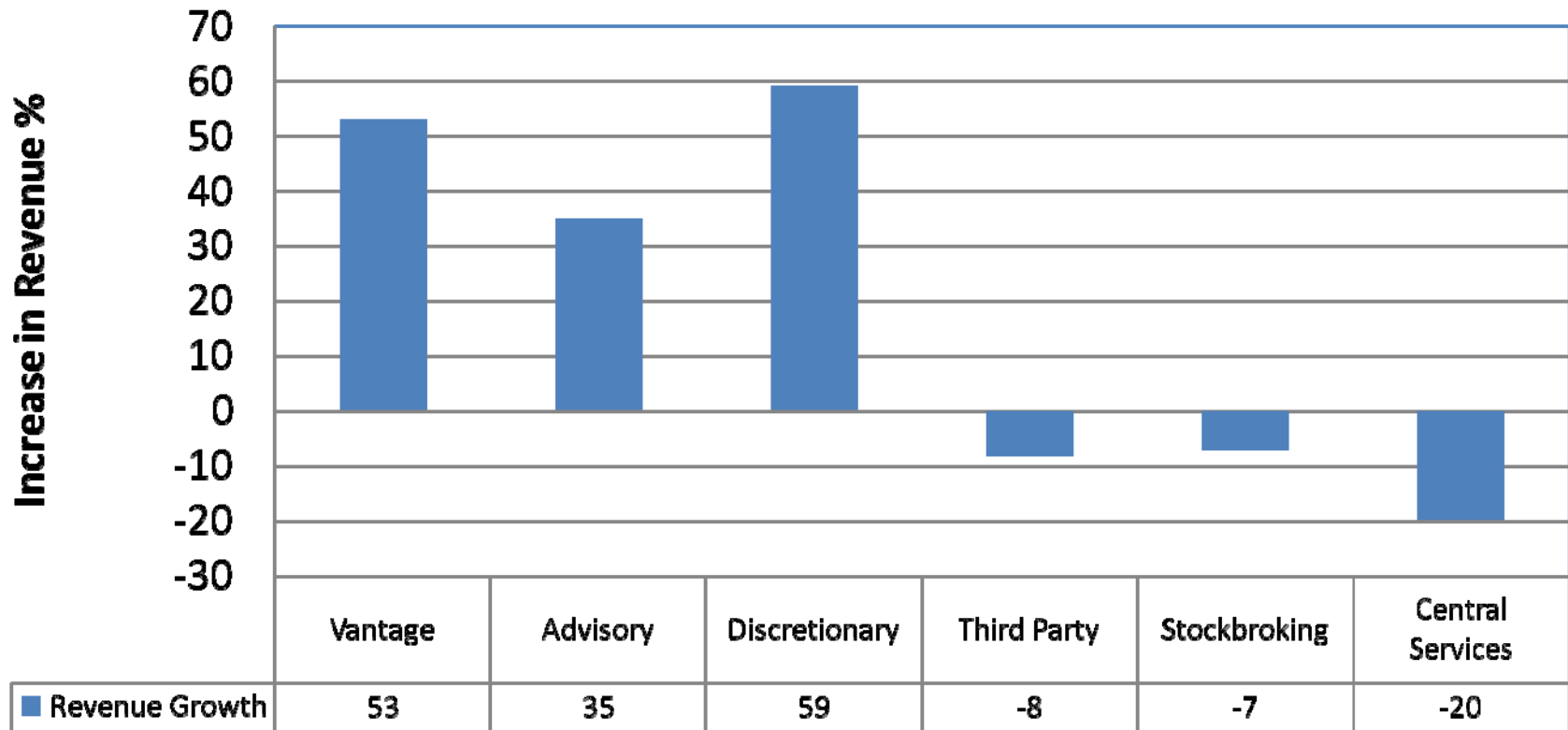
Revenue £'million





# % Change in revenue by division- 6m ended 31 Dec 2007

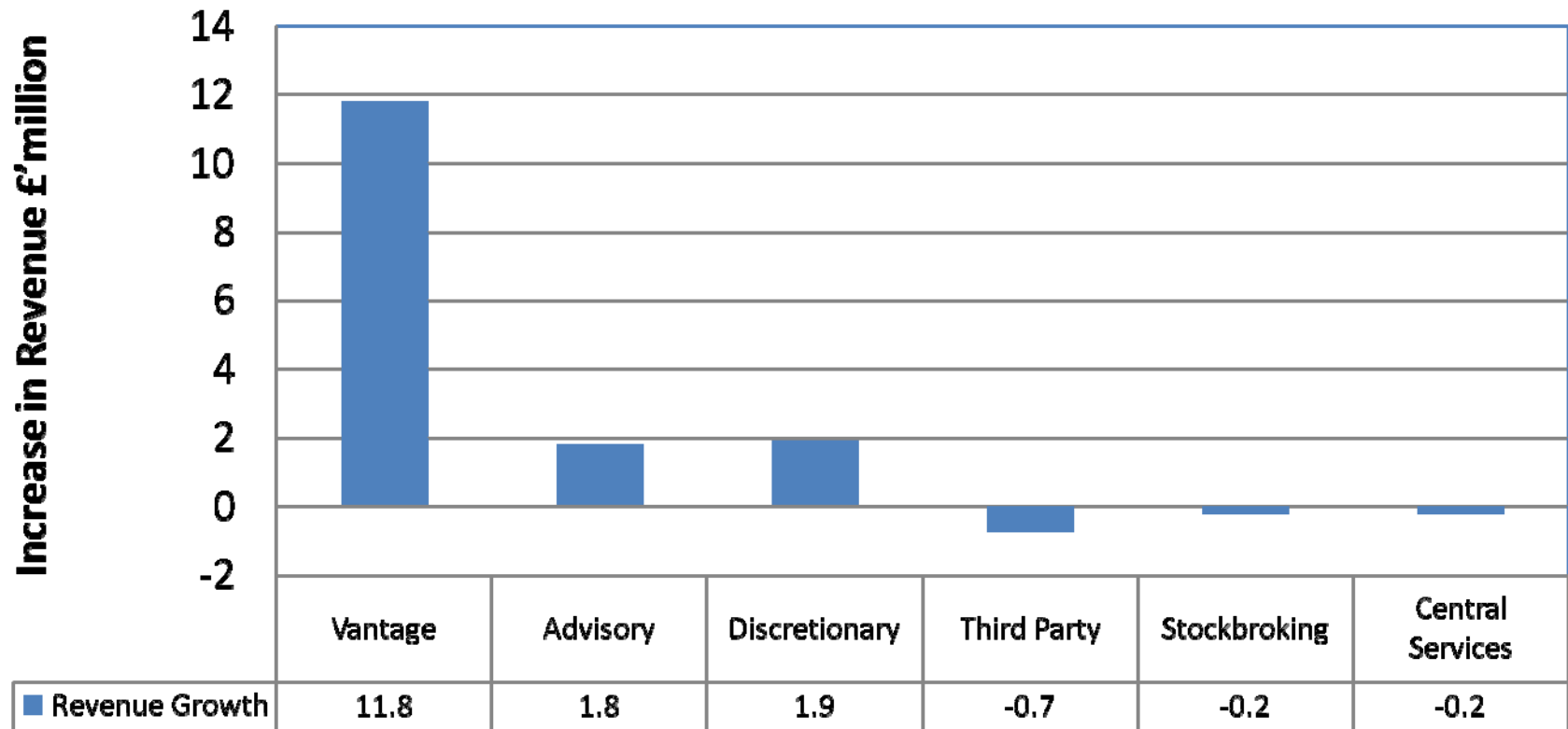
## Revenue Growth %





## Change in revenue by division- 6m ended 31 Dec 2007

### Revenue Growth







# Divisional Highlights

## ▣ Vantage

- ▣ Net inflows despite volatility
- ▣ SIPP growth
- ▣ Client growth
- ▣ Relevant marketing

## ▣ Third Party

- ▣ Corporate pensions
  - difficult period
- ▣ Personal pensions
  - growth in annuities

## ▣ Discretionary

- ▣ Performance hurt by focus on small and mid-cap stocks

## ▣ Financial Practitioners

- ▣ Controlled growth continues
- ▣ Focus on quality, controls and efficiency
- ▣ Group marketing crucial

## ▣ Stockbrokers

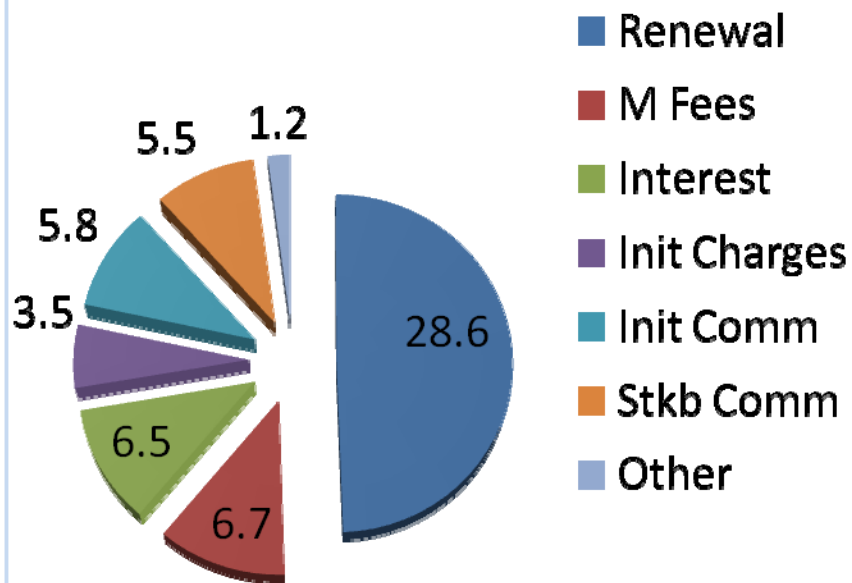
- ▣ Volatility = Activity
- ▣ Efficiency improvements
- ▣ Changes in certificate business
- ▣ Currency business growth

# Revenue by type



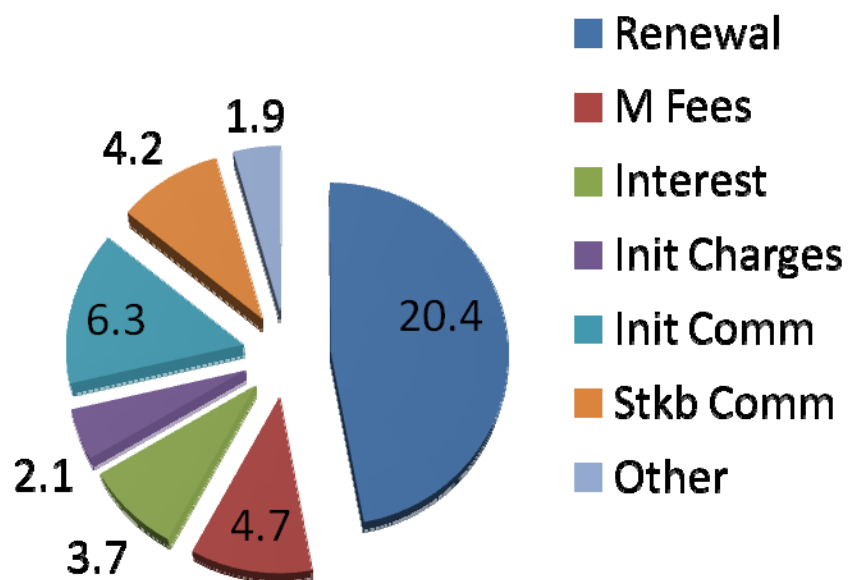
## 6 Months Ended 31 Dec 2007

Revenue £'million



## 6 Months Ended 31 Dec 2006

Revenue £'million





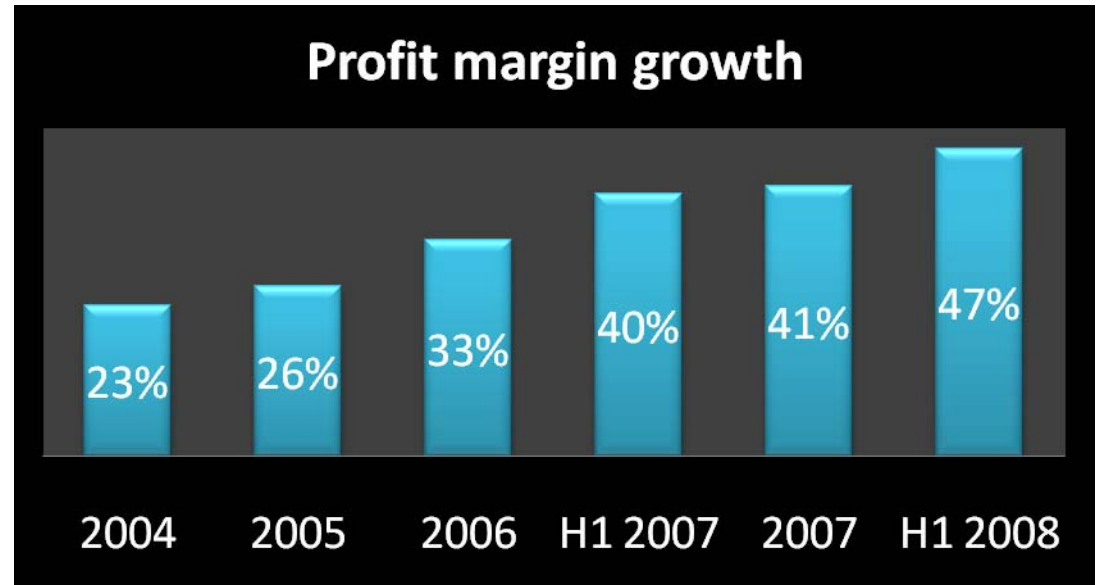
# Administrative costs

	6m Ended 31 Dec 2007 £'m	6m Ended 31 Dec 2006 £'m	Year Ended 30 June 2007 £'m	Year Ended 30 June 2006 £'m
Staff costs	17.9	15.4	34.5	28.1
Commission payable	5.2	4.5	9.3	7.9
Marketing spend	2.8	2.4	5.8	4.7
Depreciation, amortisation and financial costs	0.5	0.2	0.8	1.1
Other administration costs and overheads	4.1	3.6	7.7	7.4
<b>Total administrative expenses</b>	<b>30.5</b>	<b>26.1</b>	<b>58.1</b>	<b>49.2</b>
<b>Exceptional administrative expenses</b>	<b>0.0</b>	<b>0.3</b>	<b>29.6</b>	<b>19.6</b>

# Operating profit margins



- HL business model is scalable
- Rate depends upon business flows as in relation to asset values
- Margins vary across divisions



# Margin mix across divisions (H1 2007)



above average

Above Average	Margin
3P Investments	75% - 85%
Discretionary	60% - 70%
Vantage (excl. SIPP)	50% - 60%

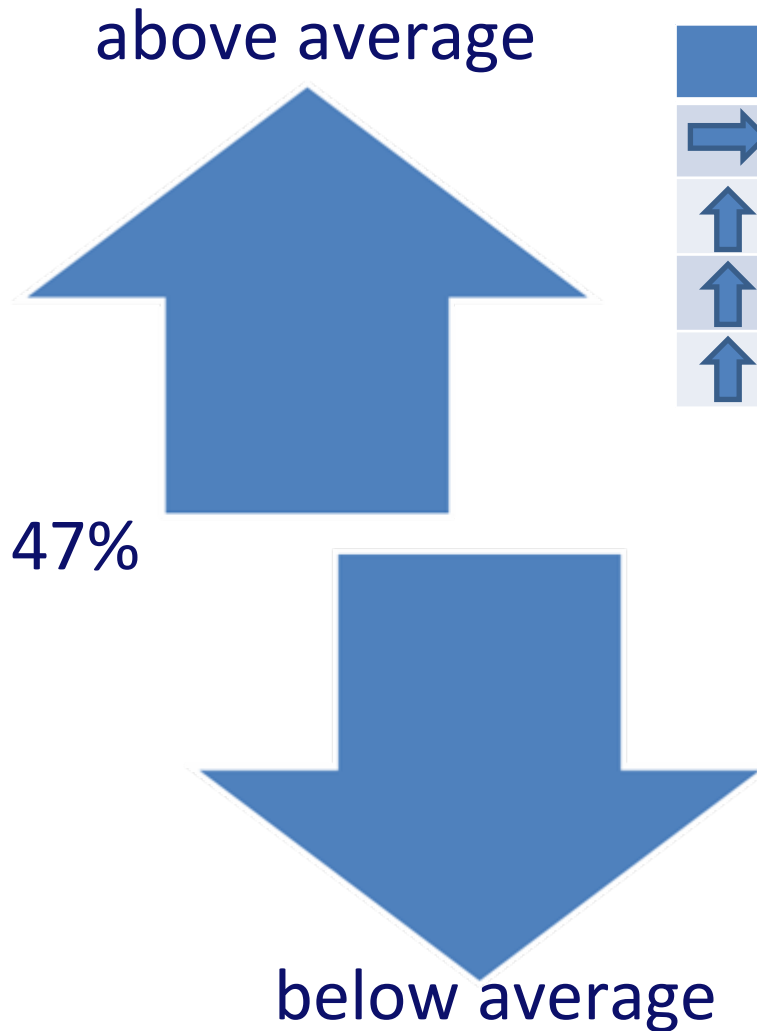
40%



below average

Below Average	Margin
Vantage SIPP	10% - 20%
Advisory	10% - 20%
3P Corporate	10% - 20%
3P Personal L&P	5% - 15%
Stockbroking	5% - 15%

# Margin mix across divisions (H1 2008)



	Above Average	Margin
→	3P Investments	75% - 85%
↑	Discretionary	70% - 80%
↑	Vantage (excl. SIPP)	55% - 65%
↑	Stockbroking	50% - 60%

	Average	Margin
↑	Vantage SIPP	40% - 50%

	Below Average	Margin
↑	Advisory	15% - 25%
↓	3P Corporate	0% - 10%
↓	3P Personal L&P	0% - 10%

# Cash flow statement



	6M Ended 31 Dec 2007	6M Ended 31 Dec 2006	Year Ended 30 June 2007 £'m	Year Ended 30 June 2006 £'m
<b>Profit for the period after tax</b>	<b>20.1</b>	<b>14.1</b>	<b>17.0</b>	<b>6.0</b>
Non operating cash adjustments	(14.2)	1.8	(9.3)	0.8
<b>Net cash from operating activities</b>	<b>5.9</b>	<b>15.9</b>	<b>7.7</b>	<b>6.8</b>
Net cash from / used in investing activities	1.8	3.7	39.7	(17.3)
Net cash used in financing activities	-	0.3	(13.0)	(7.9)
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>7.7</b>	<b>19.9</b>	<b>34.3</b>	<b>(18.4)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>48.1</b>	<b>13.7</b>	<b>13.7</b>	<b>32.1</b>
<b>Cash and cash equivalents at end of period</b>	<b>55.8</b>	<b>33.7</b>	<b>48.1</b>	<b>13.7</b>

# Simplified Cash Flow – H1 2008



Hargreaves Lansdown Cash		£' million	Client Settlement Cash		£'million
B/Fwd	1 Jul 2007	33	B/Fwd	1 Jul 2007	15
	Profit After Tax	20			
	Tax outstanding	9		*Increase in trade debtors	(6)
	Tax paid in period	(2)			
	*SIPP Tax reclaim Dec 07	(3)		*Increase in trade creditors	(6)
	*Interest due from deposit	(2)			
	*Year end debts paid	(3)			
C/Fwd	31 Dec 2007	52	C/Fwd	31 Dec 2007	3

➤ Total cash b/fwd = (33+15) = £48m

➤ Total cash c/fwd = (52+3) = £55m + £1m rounding = £56 m

➤ Increased in cash and cash equivalents = £(56-48)m = £8m

➤ HL business is highly cash generative

➤ Items marked '\*' total £(20)m which equals the working capital movement in note 28 on statement.



# Summary balance sheet 31-12-07



	31 Dec 2007 £'000	30 Jun 2007 £'000
Non current assets	8,896	8,641
Current assets	119,613	100,794
<b>Total assets</b>	<b>128,509</b>	<b>109,435</b>
Current liabilities	62,071	64,130
Non current liabilities	505	810
<b>Total liabilities</b>	<b>62,576</b>	<b>64,940</b>
<b>Net assets</b>	<b>65,933</b>	<b>44,495</b>
Equity		
Retained earnings	51,167	31,018
Other	14,766	13,477
<b>Total</b>	<b>65,933</b>	<b>44,495</b>

## Not capital intensive

- Capital expenditure £0.6m  
(£0.9m – 6m ended Dec 06)

## High returns on equity

## £55.8m of cash includes:

- £3.4m client settlement balances
- £13.7m of restricted cash held within the EBT
- £38.7m of unrestricted cash

## Interim dividend 3.065p / share



# Outlook and strategy



# Outlook

- Cautious investors
- PEP / ISA consolidation
- Capital gains tax changes
- Protected rights in SIPP's
- Corporate pension challenges
- Falling interest rates
- Slowing housing market
- Decline in consumer spending
- Buying opportunities?
- More people seeking advice
- Longer term factors remain positive



# Group Strategy

## ◉ Vantage

- ◉ Stay relevant
- ◉ Transfers
- ◉ Cash products
- ◉ Regular savings
- ◉ Spend wisely

## ◉ Third Party

- ◉ Corporate pensions
  - Group SIPP
  - Combined HL services
  - Proactive marketing
  - Relationships with EBC's
- ◉ Personal pensions
  - simplicity of application
  - ill-health annuities

## ◉ Discretionary

- ◉ Continual refinement of methodology and systems

## ◉ Financial Practitioners

- ◉ Controlled growth
- ◉ Life events – targeted marketing
- ◉ Innovation – new services
- ◉ Reduce costs

## ◉ Stockbrokers

- ◉ Support Vantage
- ◉ Focus on quality
- ◉ Niche services
- ◉ Cost management



# Conclusion

- More uncertainty ahead.....for everyone
- Could be some positives there too
- HL business model is resilient
- Long term factors remain positive
- Innovation, marketing, flexibility will set us aside
- Growth remains our goal.....whatever the prevailing conditions



# Appendices



# Vantage Revenue

	6M Ended 31 Dec 07 £'m	6M Ended 31 Dec 06 £'m	Year Ended 30 June 07 £'m	Year Ended 30 June 06 £'m
Renewal commission	22.7	15.0	34.2	22.2
Management fees	1.9	1.6	3.4	3.2
Interest receivable	5.8	3.0	7.3	3.7
Initial commission	0.4	0.4	1.0	1.2
Stockbroking commission	3.2	1.9	5.0	3.6
Non investment income	0.2	0.5	1.1	1.3
<b>Total</b>	<b>34.2</b>	<b>22.4</b>	<b>52.1</b>	<b>35.2</b>
% Of Group revenue	59%	52%	53%	48%



# Third Party Revenue

	6M Ended 31 Dec 07 £'m	6M Ended 31 Dec 06 £'m
Corporate Pensions	3.2	4.1
Investments	3.0	3.1
Personal life and pensions	1.7	1.4
<b>Total</b>	<b>7.9</b>	<b>8.6</b>
% Of Group revenue	14%	20%

	Year Ended 30 June 07 £'m	Year Ended 30 June 06 £'m
	10.0	7.5
	6.6	7.7
	3.2	1.9
	19.8	17.1
	20%	23%





# Corporate Solutions Revenue

	6M Ended 31 Dec 07 £'m	6M Ended 31 Dec 06 £'m
Renewal commission	0.3	0.3
Initial commission	2.8	3.7
Advisory fees	0.1	0.1
<b>Total</b>	3.2	4.1
% Of Group revenue	5%	9%

	Year Ended 30 June 07 £'m	Year Ended 30 June 06 £'m
	0.6	0.5
	9.2	6.9
	0.2	0.1
	10.0	7.5
	10%	10%



# Investments Revenue

	6M Ended 31 Dec 07 £'m	6M Ended 31 Dec 06 £'m
Renewal commission	2.8	3.0
Interest	0.0	0.0
Initial commission	0.2	0.1
Non investment income	0.0	0.0
<b>Total</b>	<b>3.0</b>	<b>3.1</b>
% Of Group revenue	5%	7%

	Year Ended 30 June 07 £'m	Year Ended 30 June 06 £'m
Renewal commission	6.0	6.5
Interest	0.1	
Initial commission	0.3	1.1
Non investment income	0.1	
<b>Total</b>	<b>6.6</b>	<b>7.7</b>
% Of Group revenue	7%	10%



# Personal Life & Pensions Revenue

	6M Ended 31 Dec 07 £'m	6M Ended 31 Dec 06 £'m
Renewal commission	0.2	0.2
Initial commission	1.5	1.2
<b>Total</b>	<b>1.7</b>	<b>1.4</b>
% Of Group revenue	3%	3%

	Year Ended 30 June 07 £'m	Year Ended 30 June 06 £'m
Renewal commission	0.4	0.4
Initial commission	2.9	1.5
<b>Total</b>	<b>3.2</b>	<b>1.9</b>
% Of Group revenue	3%	3%



# Advisory Revenue

	6M Ended 31 Dec 07 £'m	6M Ended 31 Dec 06 £'m	Year Ended 30 June 07 £'m	Year Ended 30 June 06 £'m
Renewal commission	0.5	0.3	0.7	0.6
Management fees	2.0	1.3	3.0	1.9
Initial charges	3.5	2.1	5.4	3.9
Initial commission	0.8	0.9	1.8	1.6
Advisory fees	0.3	0.5	1.6	0.2
<b>Total</b>	<b>7.0</b>	<b>5.2</b>	<b>11.9</b>	<b>8.2</b>
% Of Group revenue	12%	12%	11%	11%



# Discretionary Revenue

	6M Ended 31 Dec 07 £'m	6M Ended 31 Dec 06 £'m
Renewal commission	2.2	1.5
Management fees	2.7	1.6
Interest receivable	0.0	0.0
Other	0.1	0.1
<b>Total</b>	<b>5.1</b>	<b>3.2</b>
% Of Group revenue	9%	7%

	Year Ended 30 June 07 £'m	Year Ended 30 June 06 £'m
	3.4	2.2
	3.7	2.1
	0.1	
	0.2	0.1
<b>Total</b>	<b>7.4</b>	<b>4.4</b>
	7%	6%



# Stockbroking Revenue

	6M Ended 31 Dec 07 £'m	6M Ended 31 Dec 06 £'m	Year Ended 30 June 07 £'m	Year Ended 30 June 06 £'m
Management fees	0.2	0.2	0.3	0.4
Interest	0.3	0.3	0.7	0.6
Dealing commission	2.3	2.4	4.7	6.3
Non investment income	0.0	0.1	0.1	0.1
<b>Total</b>	<b>2.7</b>	<b>2.9</b>	<b>5.8</b>	<b>7.5</b>
% Of Group revenue	5%	7%	6%	10%